

# CMD2017

GRAMEENPHONE LTD.

Dilip Pal, CFO

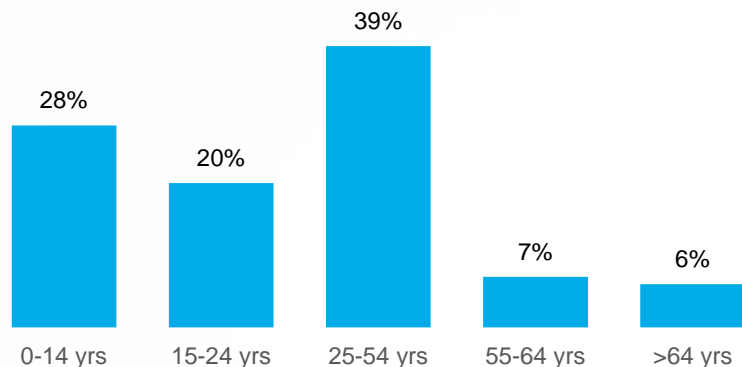
# MOBILE MARKET LEADER IN A FAST-GROWING ECONOMY



# BANGLADESH AT A GLANCE

## Demographics

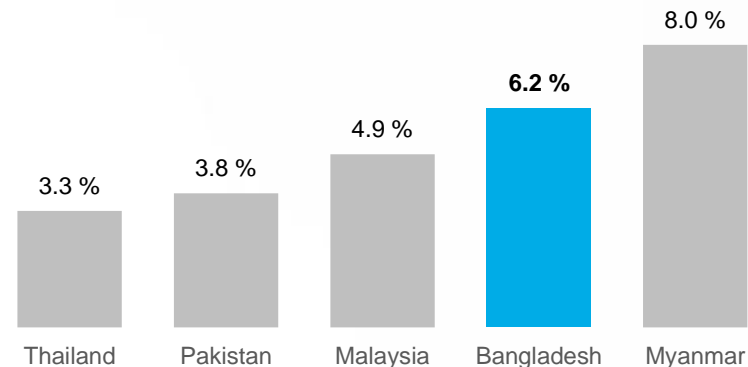
### Age distribution



- Population of 168m, growing by >1% per year
- Young population, 48% below 25 years
- Expanding middle class

## Economics

### Real GDP growth

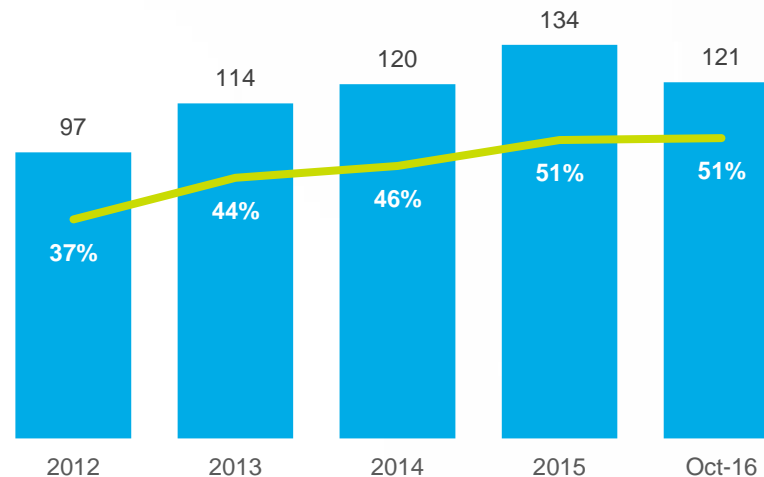


- GNI per capita of USD 1,200
- Largely a cash based economy
- Main sectors: Service, manufacturing and agriculture
- Stable inflation and currency performance

# AN ATTRACTIVE AND GROWING MOBILE MARKET, DOMINATED BY PREPAID

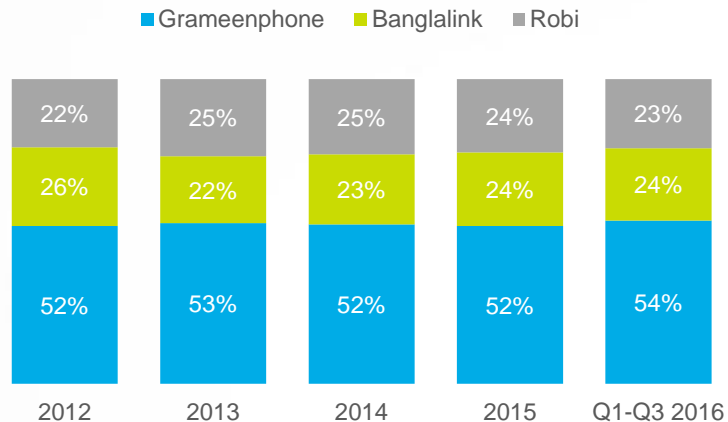
- 119 million subscribers, of which 99% prepaid
- Multi-SIM market with around 50% real mobile penetration
- 32% internet penetration, rapidly increasing
- ARPU of around USD 2
- Continuously developing regulatory landscape

Subscribers (m) and real penetration (%)



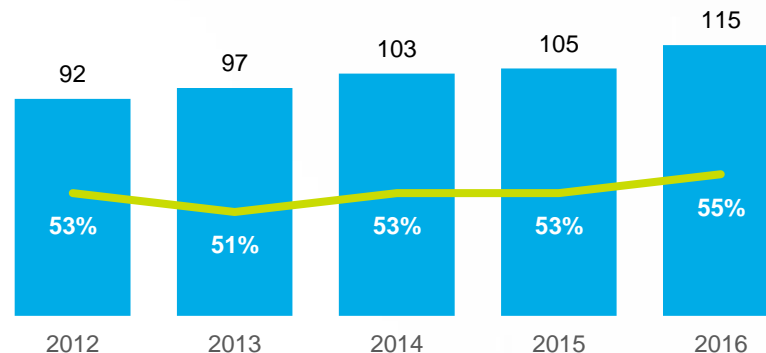
# GRAMEENPHONE IS THE UNDISPUTED MARKET LEADER, WITH SOLID FINANCIAL PERFORMANCE

Service revenue market shares\*



- 58 million subscribers and #1 brand in Bangladesh
- Largest network: 11,900 2G and 10,600 3G sites
- Widest distribution: More than 350k points of sales

Revenues (BDT bn) and EBITDA margin (%)



- 10% revenue growth and 14% EBITDA growth in 2016,
- Operating cash flow margin of 37% in 2016, despite significant investments

## IMPORTANT ACHIEVEMENTS DURING 2016

- 12% subscription and traffic revenue growth, fueled by 56% growth in active data users
- Successful biometric verification of entire customer base
- Revenue market share improvement of 2 percentage points\*
- 4,700+ new 3G sites, reaching 90% of total sites
- Number of distribution points increased from 120 to 390
- Controlled opex despite significant network expansion



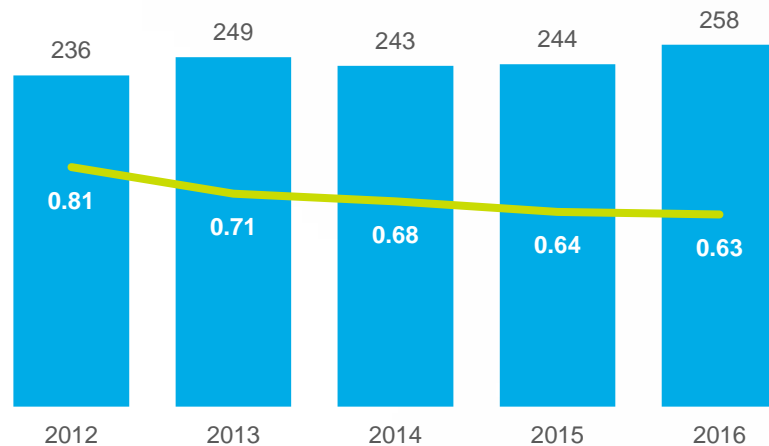
# SIGNIFICANT GROWTH OPPORTUNITIES



# VOICE SEGMENT REMAINS IMPORTANT AND STILL OFFERS ATTRACTIVE GROWTH OPPORTUNITIES

- Real mobile penetration currently at approx. 50%, expected to increase
- Affordability of marginal subscriber improving
- Leverage expanded network and distribution footprint
- Improving price perception and simplicity in offers
- Strengthen position in B2B, postpaid and youth segments

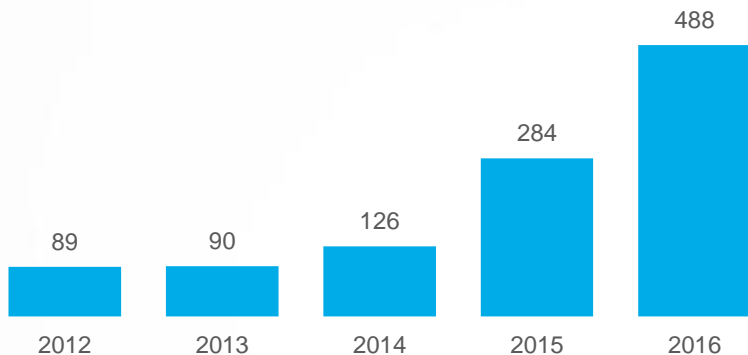
### AMPU and APPM (BDT)



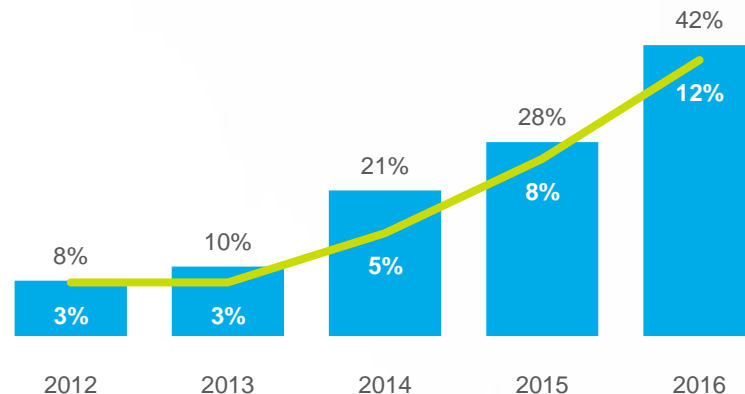


# INCREASING DATA USAGE WILL BE THE PRIMARY REVENUE GROWTH DRIVER GOING FORWARD

Average data usage (MB per month)



Data users and revenue contribution

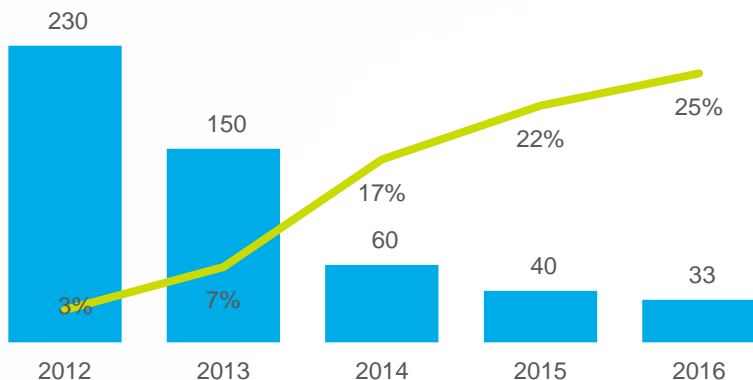


- Usage driven by video streaming and social media
- Flagship 'Digital Bangladesh' vision of Government to act as an enabler

- 70% total data revenue growth in 2016, 58% contribution of incremental revenue
- Support from 3G network coverage expansion

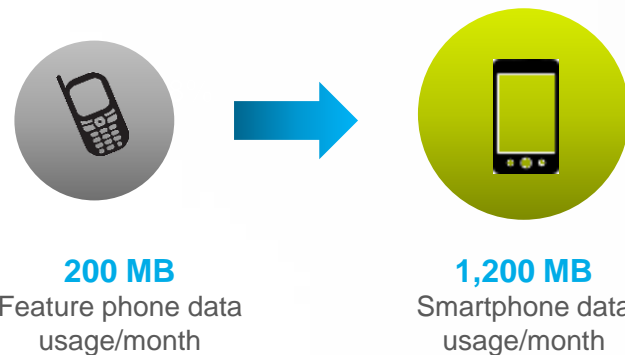
# PROLIFERATION OF AFFORDABLE SMARTPHONES WILL ACCELERATE DATA ADOPTION

Smartphone price (USD) and penetration (%)



- Co-branded smartphones and partnerships to bring affordability along with quality

Usage and ARPU uplift potential



- Smartphone users have 63% higher ARPU than feature phone users

# CRITICAL SUCCESS FACTORS

**Network leadership**

**Simplicity  
in offerings**

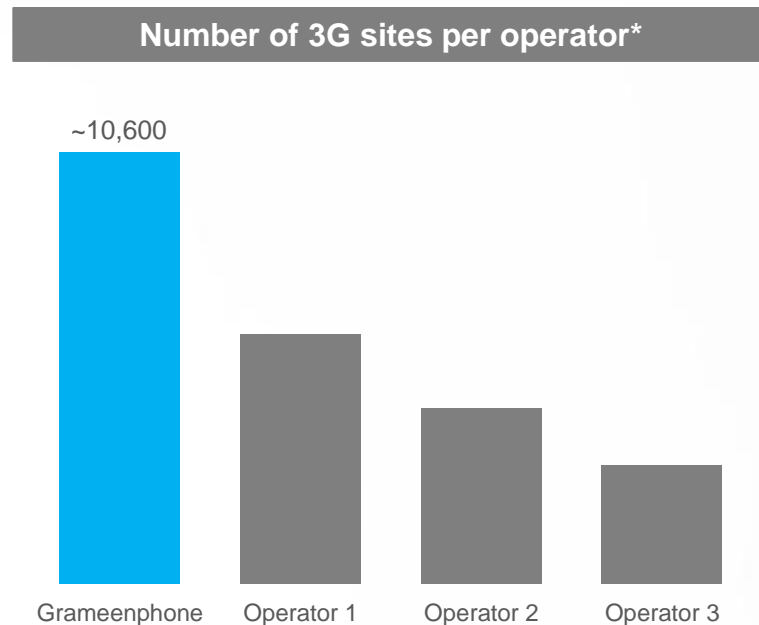
**Best distribution**

**Efficient operations**



# INVESTING IN NETWORKS TO CAPTURE DATA GROWTH

- 3G population coverage increased from 70% to 90% during 2016
- Securing 4G first mover advantage
- Strong end-to-end fiber backhaul across the country
- Expansion of indoor coverage to address rapid urbanization and vertical city expansion
- Allocation of additional spectrum and technology neutrality is in discussion
- Constrained fixed broadband market



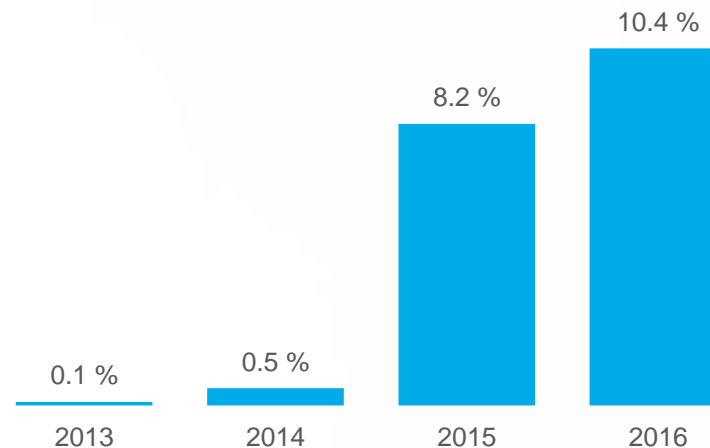
# PHYSICAL DISTRIBUTION HAS BEEN A MAJOR STRENGTH



# ...WHILE PHYSICAL DISTRIBUTION REMAINS THE CORE, DIGITAL DISTRIBUTION IS SHAPING UP

- Convenience is driving recharge through digital channel
- Most digital interaction starts from physical location
- Bridging the digital and physical world with GP Express stores
- Tools and processes redesigned to ensure empowerment and efficiency of channel

Recharge through digital channels (% of sales)



# SIMPLIFICATION PROGRAMME YIELDING STRONG RESULTS

- Number of starter packs reduced from 8 to 2
- Universal products, no conditions attached
- Simplified internet portfolio
- \*121# self service destination
- Top 20 processes simplification

**75% reduction  
in overall customer complaints**

গ্রামীণফোন-এ  
সবকিছুই

# \*121#

এর ব্যাপার







এখন একটি নম্বর-এ  
সব তথ্য এবং সার্ভিস

ডায়াল \*121#



\*121# ব্যবহারে কোন চার্জ নেই।

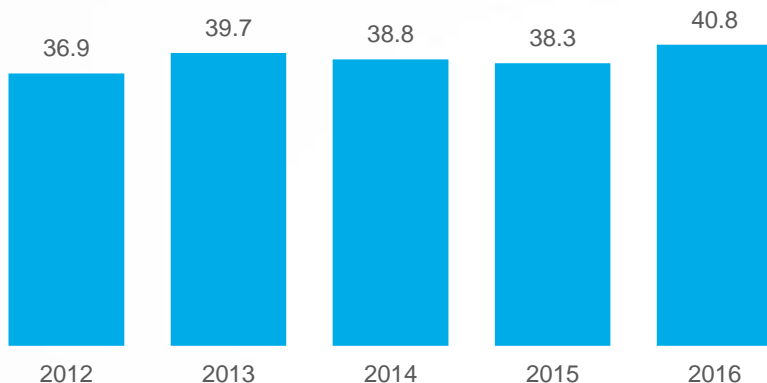
# DRIVING RELEVANCE OF DIGITAL SERVICES ALONG WITH DIGITIZING CUSTOMER JOURNEYS

<p>WowBox</p>  <p>&gt; 6 million users</p>	<p>GP Music</p>  <p>&gt;2 million trial users</p>	<p>Bioscope</p>  <p>200K monthly active users</p>
<p>GP Shop</p>  <p>&gt; 3 million monthly visits</p>	<p>Flexi Plan</p>  <p>&gt; 5 million downloads</p>	<p>My GP</p>  <p>&gt; 3 million downloads</p>

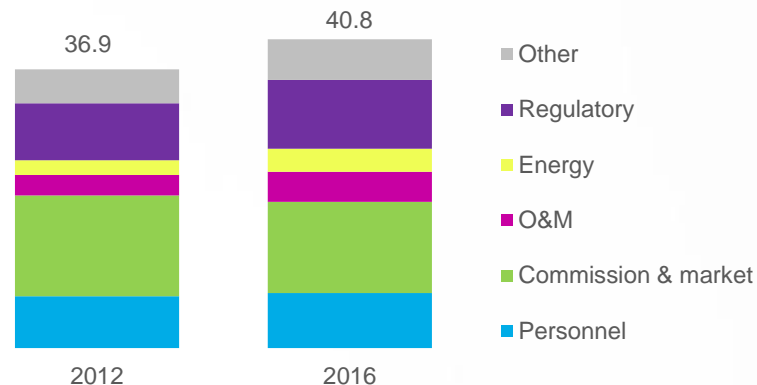


# A TRACK RECORD OF CONTROLLED OPEX DESPITE GROWTH AND SIGNIFICANT NETWORK EXPANSION

Opex development (BDT bn)



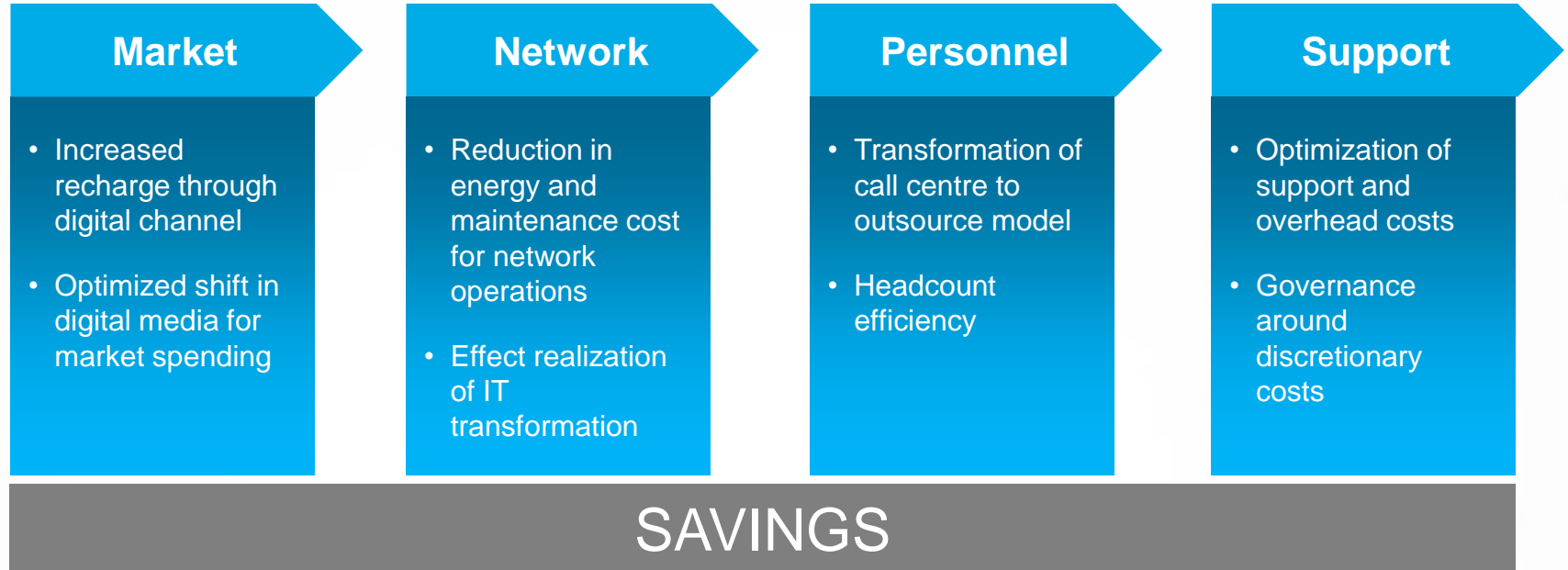
Opex distribution 2016 vs 2012



- 2012-2016: 3% opex growth against 6% revenue growth and 10% growth in base stations (CAGR)
- Opex/sales reduced from 40% to 35% during the period

- Energy cost reduction initiatives offsetting tariff growth
- IT cost reduction through application optimization and virtualization

# COMMITMENT TO FURTHER EFFICIENCY IMPROVEMENTS



# SET STANDARD IN BANGLADESH FOR OPERATING UNDER RESPONSIBLE BUSINESS CONDUCT



- **Efficient governance procedures to ensure adherence to policies**
- **Extensive company-wide awareness and training on building conducive culture around governance**
- **Rigorous monitoring and follow-up to identify and ensure appropriate corrective measures**
- **Strengthen compliance and supply chain framework further**
- **Actively promote company stance on responsible business conduct amongst the Bangladeshi society**



## SUMMARY

- Strong market leader in an attractive growth market
- Investing to maintain superior network and service position
- Growth and operating efficiencies to drive future profitability

In consideration of the local regulations, Grameenphone Ltd. does not provide any forward looking statements

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